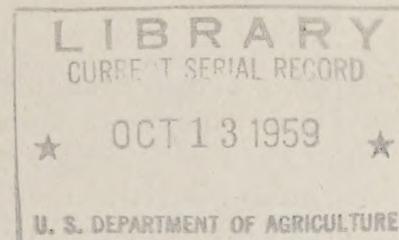


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# The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

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Mid-year prospects point to lower crop production this year than last, but a rising livestock volume is likely to keep total farm output within 2% of the 1958 peak.

Crop production, though down 4%, is well above any other past year. Corn is the big gainer. Fourteen percent more acres and high yields boost the prospective crop to 4-1/4 billion bushels, 424 million more than last year's record. But the crops of oats and barley are smaller and the feed grain total probably will fall a little short of 1958. The wheat crop is below the 1958 peak but 7% above average. Noncitrus fruit production is up 6%, and farmers planted 28% more cotton than last year. Soybean acreage is down, after 9 consecutive years of increase.

Crop outlook is still tentative. Weather developments the rest of the growing season can alter production prospects considerably. Also, no estimates of production have been made for cotton, soybeans and sorghum grain. They have been allowed for in the total on the basis of acreage and the yields of past years.

Meat animals and poultry products are leading the way to a new high in production of livestock and livestock products. Both the cattle and hog cycles are in the upward phase. Cattlemen are adding between 4 and 5 million head to the nation's herd this year. Hog production is likely to reach 104-1/2 million head, a new peacetime record. Pork output already has reflected increased hog production but the bulge in beef is not likely until the early 1960's.

Egg production topped 1958 by 5% in the first half and the year's total is expected to exceed the 1956 record. Broiler production also was up. The 1959 turkey crop is likely to break the 1957 record. Milk output has been running a little below 1958, partly because favorable prices for slaughter animals has stimulated heavy culling in dairy herds.

FARM INCOME. The net realized by farm operators in the first half of 1958 was 8% below the same period last year, on an annual rate basis. The figure of \$12 billion was a billion below a year earlier but over a billion above 1957.

Receipts from sales of farm products were practically the same as last year as increased marketings nearly offset lower prices. With Government payments lower because of the end of the Soil Bank Acreage Reserve, gross income declined 1%. Production expenses continued their persistent rise with the first half rate 3% above a year earlier. Prices were higher for all major items except feed and fertilizer which declined.

LIVESTOCK. Marketings of meat animals will increase seasonally and will run above a year earlier during the next few months. For hogs, gain over last year will be substantial

because of 12% increase in 1959 spring crop. Slaughter of both fed and nonfed cattle will be as large or a little larger. Some increase also is likely for sheep and lambs.

DAIRY. Milk production has been running a little below last year, consumption a little higher. Consequently, purchases for support are down some.

Consumption of fluid milk per person so far this year is as high or higher than in 1958...use of cheese is holding near last year's high level. Consumption of frozen dessert is up considerably, aided in part by retail price reductions on the larger packages of ice cream.

EGGS. Production the rest of 1959 is likely to continue above 1958. Laying flock at mid-year was slightly below a year earlier, but number of pullets that will begin laying by October 1 is above. Also, rate of lay probably will be up.

TURKEY. Late summer slaughter will be up from last year because of big hatch of poults before June. Many of these birds will go into storage for the holiday market.

Outlook is better for prices late in year. By then much of the record 1959 crop will have been eaten and storage stocks are smaller than last year.

FEED. A record grain supply is in prospect for 1959-60. The bumper corn crop is expected to nearly offset smaller crops of other feed grains. Estimated 1959 total is only slightly below the 158 million tons of 1958, but carryover is likely to rise 8 to 10 million tons. Prospective production exceeds probable disappearance and a further rise in carryover is expected on October 1, 1960.

Grain prices probably will stay a little below a year earlier through summer and fall, because of heavy production and lower supports. In early July, cash prices of feed grains at terminal markets averaged 4% below last year...wholesale prices of high protein feeds were down 8%.

SOYBEANS. Prices are likely to average near support this summer, or about the same as last year. The 1959 support is \$1.85 compared with \$2.09 for the 1958 crop.

COTTON. Use of cotton by domestic mills seems likely to hit 8.7 million this season--.7 million more than in 1957-58. Mills have the highest margins in 2-1/2 years, and unfilled orders are high. But exports probably will be down to 2.8 million, half the 1957-58 total.

WOOL. Apparel wool consumption in January-May ran over a third, and carpet wool use over two-thirds, above the same period last year. The total about equalled consumption in the first 5 months of 1957.

TOBACCO. Increased acreage is expected to result in a 3% larger tobacco crop this year than last...but except for the last 2 years it will be the smallest since 1943. Larger crops of all types are in prospect.